REGISTERED NUMBER: 09812673 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

FOR

TONIK ENERGY LIMITED

CONTENTS OF THE STRATEGIC REPORT, REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

TONIK ENERGY LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2018

DIRECTORS:	J I M Hayward D A Leiper S J Perkins C Russell
SECRETARY:	Mrs S L Hayward
REGISTERED OFFICE:	Fourth Floor, Lombard House 145 Great Charles Street Birmingham B3 3LP
REGISTERED NUMBER:	09812673 (England and Wales)
INDEPENDENT AUDITORS:	PricewaterhouseCoopers LLP Cornwall Court 19 Cornwall Street Birmingham B3 2DT

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report for the year ended 31 March 2018.

Since Tonik Energy Limited ("Tonik") began trading in mid-2016 it has positioned itself firmly as a sustainable, member (we call our customers members) centric and technology focused company. The progress made against the mission to halve energy bills has been substantial in this financial year as further outlined in this report. The strategy of integrating energy supply with wider renewable technology services not only delivers benefits for the member but also for the wider energy system, for energy system balancing activities, but also to the environment. Tonik's vision for the future of energy is fully aligned with the developments and growing public demand for renewable energy combined with the increased demand for electric vehicles.

REVIEW OF BUSINESS

The Directors are pleased with the progress made over the financial year, which included growing the member base twelve-fold, whilst delivering on our promises to make energy bills better value, greener and simpler. By managing growth tightly, the Company has ensured member experiences remain positive, margins are sustainable and risks well managed. During the year Tonik has been recognised in both industry and consumer circles, achieving a high satisfaction score both by internal and external measures. We have also achieved strong ratings from the independent consumer bodies including Money Saving Expert top picks, uSwitch (5-star rating) and Citizens Advice. More recently Tonik has won awards for Customer Service Recognition Award 2018 (Renewable Energy Association), Best Place to Work 2018 (startup awards) and Energy Provider of the Year 2019 (Moneyfacts Consumer Awards).

Commercial risks have been well managed over the year with further investment in forecasting and trading capability, with strong performance achieved despite some difficult trading conditions during the 'Beast from the East'. The ability to hedge forward to limit Tonik's exposure to wholesale volatility through our trading partner remains a key factor in managing risk.

Investments in people, process and technology have continued throughout the year to ensure Tonik can continue to provide a strong proposition and manage member experience in a competitive market. In addition, these operational systems and processes have ensured that Tonik can grow reliably and securely whilst delivering its regulatory obligations.

Key Performance Indicators

The Board of Directors and leadership team monitor key performance indicators including member satisfaction (2018: 8.9 on Trustpilot), revenue (2018: £27.6m from 2017: £0.7m), members (2018: 56,059 from 2017: 5,114), gross profit (2018: £1.7m from 2017: £0.02m).

PRINCIPAL RISKS AND UNCERTAINTIES
The Board regularly meet to review and discuss the key risks and issues facing the Company and review the Enterprise Risk report alongside key targets and KPIs of the business.

The principal risks include:

Competition: the number of active energy suppliers continued to grow across FY2018. Tonik has monitored closely the risks and opportunities that competition creates. Given Tonik's differentiated brand, propositions and in-house technology capabilities we believe we are well placed to continue to outperform the market. Recent market exits have further highlighted that competitors without sufficient capital, a strong retail proposition, and extensive internal capability will struggle to stabilise.

Wholesale market activity: Our trading and hedging policies enable Tonik to manage wholesale risks for the Company. Investments in commercial systems and growth of the team have enabled more predictability in costs and cash requirements. Through our strategic trading partnership, Tonik buys gas and electricity volumes ahead in line with member sales. By selling fixed price contracts, Tonik fixes the cost of gas and electricity to be supplied. This reduces exposure to market risk.

Cash management: Long term (monthly forecast for five years), mid-term (weekly forecast for 18 months) and short term (daily for 3 months) cash forecasts are maintained and regularly reviewed by the board. Over 98% of Tonik members pay by monthly direct debit and are monthly billed. We continue to develop our proactive credit management capabilities within our core systems to reduce bad debt risk.

Regulatory and compliance risks: The regulatory environment continues to change and evolve in line with consumer and market risks. Tonik's internal compliance capability engages with regulatory bodies to provide input and information where appropriate and ensure any new changes are effectively delivered by the business.

FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS
In August 2018 Retig Ltd (the parent Company of Tonik) successfully completed the acquisition of Phoenix Renewables Ltd (trading name: The Phoenix Works), a renewable energy technology installation and maintenance company. This is an important next step on the journey towards halving energy bills. By installing, maintaining, servicing and integrating distributed technologies for Tonik members the Company will be able to reduce traditional energy bills whilst enabling a greener and more distributed energy system.

The Phoenix Works is renowned for providing quality service and expertise in the renewable energy sector supporting major commercial clients and domestic customers alike. The combined offerings and service delivery capabilities of The Phoenix Works and Tonik Energy provide further opportunity to differentiate propositions within a competitive retail energy market.

In February 2019, Retig Ltd completed a funding round of £13.3m, with £3m coming from private investors and £10.3m from Mitsui & Co., a Tokyo based company. This has provided the group with the additional funds necessary to invest in growth, proposition development and people to support the delivery of the business plan. In order to meet the 5-year plan aspirations, a further significant fundraise is planned within 12 months of the date of this report.

GOING CONCERN

Tonik is a subsidiary company of Retig Ltd and the main trading entity within the Retig group ("the Group"). The Directors have considered the appropriateness of the going concern basis of preparation of the financial statements due to the Statement of Financial Position as at 31 March 2018 showing a net current liabilities position and therefore whether the Group and Company can continue to operate for the foreseeable future.

The funding round that completed in February 2019 supports the ongoing activities of the Group and Company from a liquidity perspective however the business plan includes the need for a further significant fundraise within 12 months of the date of this report in order to meet the funding requirements of the Group and Company for at least 12 months from the date of this report and the 5-year plan. At the point of the February 2019 investment, investors were aware of the need to raise further funds within 12-18 months.

Discussions have commenced with current investors who have indicated a willingness to continue to support the Group and Company through future fundraise rounds. The Directors are confident that the required level of investment will be achieved, however as at the date of this report, there is no further committed funding in place and the timing and extent of any future funding is uncertain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

In order to manage the cash flows of the Group and Company, the Directors have prepared detailed cash flow forecasts and identified specific lines of anticipated cash expenditure which can be delayed or modified, for example capital expenditure on development projects. Sales volume targets and associated sales channels can also be adjusted along with new contract unit prices in advance of the winter period to assist with cash flow management as required. In addition to these mitigating actions, the Directors also believe that, consistent with actions taken in previous periods, key suppliers could be willing to provide support for the Group's and Company's management of cash flows, although this is not within the Group's and Company's control.

In the unexpected event of the fund raise not being achieved in part or in accordance with the current business plan, the Directors believe there is sufficient flexibility to manage cash flows to ensure the Group and Company can meet its obligations as they fall due for the foreseeable future. The cash flow forecasts will remain under regular review by management and the Board until the fundraise is concluded. As such, the changes that management can make to the capital cash outlay, sales volume and rate variances, combined with date changes to the introduction of new business lines from the current business plan and the potential support from key suppliers, would allow the Group and Company to manage its cash flow position. Although not all of these actions are within the Group's and Group's control, the directors currently believe that it remains appropriate to prepare the financial statements on a going concern basis.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

....
C Russell - Director

Date: 8 May 2019

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report with the audited financial statements of the Company for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES
The principal activities of the Company in the year under review were those of the supply of gas and electricity.

DIVIDENDS
No dividends will be distributed for the year ended 31 March 2018 (2017: £nil).

FUTURE DEVELOPMENTS
Future developments of the group are disclosed within the Strategic Report.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

J I M Hayward
S J Perkins
C Russell

Other changes in directors holding office are as follows:

D A Leiper - appointed 26 May 2017

DONATIONS
Donations totalling £9,400 (period ended 31 March 2017 - £nil) were made to a Childrens' charity which Tonik Energy Limited partnered with in 2017.

There were no political donations made during the year to 31 March 2018 (period ended 31 March 2017 - £nil).

FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Retig group has a central department within Tonik that is responsible for financing and treasury policies across the Retig Group. Strategic financing and corporate financing is managed within this department. The treasury and accounting teams employ a regular forecasting and monitoring process to ensure that the Company complies with all banking and other covenants that apply to the running of the Group. Funding of the Company is from a number of private investors and a more recent significant investment from Mitsui, to enable Tonik to grow and develop its strategy. The Company does not enter into speculative Treasury arrangements.

Exposure to risk

The Board has approved a market risk management policy and a credit risk management policy which has been agreed with our preferred trading partner.

Liquidity and cash flow risk:
Further discussion of liquidity and cash flow risks is included within the principal risks and uncertainties section of the Strategic Report (see page 3).

Credit risk:
Credit risk arises from exposure to a customer's ability to pay for the gas and electricity they consume. This is mitigated due to over 98% of Tonik's member base paying by fixed monthly direct debit, with the first payment taken on the supply start date. There has been significant investment over the last year in a number of processes and system improvements for credit management, including robust payment adequacy and debt collection processes. This has led to a low customer debt level for a B2C supply business.

Credit risk also arises from mark to market risk on hedges placed with Tonik's preferred trading partner, this is mitigated as the trades are placed from an agreed credit line which covers the majority of our traded credit exposure at any point in time.

Price risk:
Price risk arises from the movement in wholesale gas and electricity prices versus the tariff rates for customers on fixed-price contracts. The majority of Tonik's members (c. 90%) are on forms of fixed-price, fixed-term contracts. Matching the hedging strategy to the pricing strategy and purchasing gas and electricity at the point of entering into the customer contract enables Tonik to lock in the price of the wholesale gas and electricity sold under the customer contract and therefore minimise price risk. Regular re-shaping of hedges and management of imbalance reduces price risk further and the introduction of a new Energy Trading and Risk Management system in the near future will again enhance our ability to mitigate this risk.

The standard variable tariff (SVT) carries little price risk as Tonik hedge in line with Ofgem's price cap observation period and we know our hedge costs prior to setting the price of the tariff. Tonik does not speculate in the wholesale markets.

DIRECTORS' INDEMNITIES

The Company maintains liability insurance for its directors and officers. This is a qualifying third-party indemnity provision for the purposes of the Companies Act 2006. This insurance cover was in force during the year and is still in force at the date of approving these financial statements.

GOING CONCERN
The Directors' assessment of the going concern basis for preparation is disclosed within the Strategic Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:

....
C Russell - Director

Date: 8 May 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Tonik Energy Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Report of the Directors and Audited Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2018; the Income Statement, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the company's ability to continue as a going concern. The company requires a significant fundraise to continue operating for at least 12 months from the date of this report and to support its 5-year plan. The extent and timing of such fundraising is uncertain. Further, whilst the Directors have identified mitigating actions, not all actions that may need to be taken are within their control or may be implemented on a sufficiently timely basis. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

The financial statements for the period ended 31 March 2017, forming the corresponding figures of the financial statements for the year ended 31 March 2018, are unaudited.

Steven Kentish (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Birmingham

Date: 8 May 2019

INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
REVENUE	4	27,602,741	678,491
Cost of sales		(25,877,918)	(661,937)
GROSS PROFIT		1,724,823	16,554
Administrative expenses		(5,618,374)	(1,471,995)
OPERATING LOSS	6	(3,893,551)	(1,455,441)
Interest receivable and similar income		28	-
LOSS BEFORE TAXATION		(3,893,523)	(1,455,441)
Tax on loss	7	-	276,534
LOSS FOR THE FINANCIAL YEAR / PERIOD		(3,893,523)	(1,178,907)

The Company has no other recognised items of income and expenses other than the results for the period as set out above.

STATEMENT OF FINANCIAL POSITION
31 MARCH 2018

		31.3.18		31.3.17	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	8		83,057		-
Property, plant and equipment	9		160,559		4,308
			243,616		4,308
CURRENT ASSETS					
Inventories	10	47,830		-	
Debtors	11	5,945,070		505,760	
Cash at bank		336,128		234,016	
		6,329,028		739,776	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
Amounts falling due within one year	12	11,644,974		1,922,891	
NET CURRENT LIABILITIES			(5,315,946)		(1,183,115)
TOTAL ASSETS LESS CURRENT LIABILITIES			(5,072,330)		(1,178,807)
CAPITAL AND RESERVES					
Called up share capital	14		100		100
Accumulated losses	15		(5,072,430)		(1,178,907)
TOTAL SHAREHOLDERS' DEFICIT			(5,072,330)		(1,178,807)

The financial statements on pages 11 to 24 were approved by the Board of Directors on 8 May 2019 and were signed on its behalf by:

....

C Russell - Director

The notes on pages 14 to 24 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Accumulated losses £	Total equity £
Changes in equity			
Issue of share capital	100	-	100
Total comprehensive loss	-	(1,178,907)	(1,178,907)
Balance at 31 March 2017	100	(1,178,907)	(1,178,807)
Changes in equity			
Total comprehensive loss	-	(3,893,523)	(3,893,523)
Balance at 31 March 2018	100	(5,072,430)	(5,072,330)

The notes on pages 14 to 24 form part of these financial statements

1. STATUTORY INFORMATION

Tonik Energy Limited is a private company limited by shares and is incorporated in England and Wales. The registered number of the Company is 09812673 and the registered address of the Company is Fourth Floor, Lombard House, 145 Great Charles Street, Birmingham B3 3LP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in compliance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements comprise the audited financial statements of the Company and are stated in pound sterling, the Company's functional and presentational currency.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

2. **ACCOUNTING POLICIES - continued**

Going concern
Tonik is a subsidiary company of Retig Ltd and the main trading entity within the Retig group ("the Group").

The financial statements have been prepared under the historical cost convention and on a going concern basis. The Directors have considered the appropriateness of the going concern basis of preparation of the financial statements due to the Statement of Financial Position as at 31 March 2018 showing a net current liabilities position and therefore whether the Group and Company can continue to operate for the foreseeable future.

The funding round that completed in February 2019 supports the ongoing activities of the Group and Company from a liquidity perspective however the business plan includes the need for a further significant fundraise within 12 months of the date of these financial statements in order to meet the funding requirements of the Group and Company for at least 12 months from the date of the financial statements and the 5-year plan. At the point of the February 2019 investment, investors were aware of the need to raise further funds within 12-18 months.

Discussions have commenced with current investors who have indicated a willingness to continue to support the Group and Company through future fundraise rounds. The Directors are confident that the required level of investment will be achieved, however as at the date of the financial statements, there is no further committed funding in place and the timing and extent of any future funding is uncertain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern.

In order to manage the cash flows of the Group and Company, the Directors have prepared detailed cash flow forecasts and identified specific lines of anticipated cash expenditure which can be delayed or modified, for example capital expenditure on development projects. Sales volume targets and associated sales channels can also be adjusted along with new contract unit prices in advance of the winter period to assist with cash flow management as required. In addition to these mitigating actions, the Directors also believe that, consistent with actions taken in previous periods, key suppliers could be willing to provide support for the Group's and Company's management of cash flows, although this is not within the Group's and Company's control.

In the unexpected event of the fund raise not being achieved in part or in accordance with the current business plan, the Directors believe there is sufficient flexibility to manage cash flows to ensure the Group and Company can meet its obligations as they fall due for the foreseeable future. The cash flow forecasts will remain under regular review by management and the Board until the fundraise is concluded. As such, the changes that management can make to the capital cash outlay, sales volume and rate variances, combined with date changes to the introduction of new business lines from the current business plan and the potential support from key suppliers, would allow the Group and Company to manage its cash flow position. Although not all of these actions are within the Group's and Company's control, the directors currently believe that it remains appropriate to prepare the financial statements on a going concern basis.

2. **ACCOUNTING POLICIES - continued**

Financial Reporting Standard 102 - reduced disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(e), 11.41(f).;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reasonably estimated for the supply of gas and electricity based on estimated industry data flows for the period.

Revenue from the supply of gas and electricity is a function of end user consumption (according to meter read data) and tariff rates (specified by contract terms) net of supplies that are not billable. Revenue is recognised net of sales discounts, VAT and other sales-related taxes.

In accordance with industry practice revenue is recorded in the basis of estimated annual consumption information supplied by the energy industry. The estimated annual consumption is based on a range of factors including industry information, meter readings and coefficients that account for usage of particular periods in the year. Revenue (both current period and future estimation) is subsequently amended based on realised customer billings as more precise data becomes available on actual consumption through to the period of final settlement.

Revenue includes an estimate of the value of gas and electricity supplied to the customer between the date of the last meter reading supplied and the period end.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of three years.

Computer software is being amortised evenly over its estimated useful life of three years.

Development costs consist of internally developed software and software solutions. Costs are only capitalised when the costs can be recovered via future revenues and relate directly to the creation of an asset used by the Company. The asset includes contractor labour costs and specialist project costs.

2. ACCOUNTING POLICIES - continued

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is provided when assets become available for use in the manner intended by management at a rate calculated to write off the cost of the asset over its expected useful economic life as follows:

Improvements to property	20% straight line
Plant and machinery	25% straight line
Fixtures and fittings	20% straight line
Computer equipment	33% straight line

Inventories
Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes the purchase price and any associated costs incurred in bringing the asset to its current condition and location.

Inventories are assessed for impairment at the statement of financial position date. If any impairment of the inventories is identified then an impairment charge is recognised in the Income Statement.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax
Deferred tax assets and liabilities are in general recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised. The amount of asset or liability is determined using tax rates that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted. Deferred tax assets and liabilities are offset when the Company has legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

In addition, deferred taxes are recognised on tax deductible tax losses carried forward to the extent that a future reversal leading to a reduction of tax expense is expected with high probability.

Cash and cash equivalents
Cash includes all cash held at bank. There are no bank overdrafts.

2. ACCOUNTING POLICIES - continued

Rentals under operating leases
Rentals under operating leases are charged to the Income Statement on a straight-line basis over the lease term even if the payments are not made on such a basis. Benefits received and receivable as an incentive are similarly spread on a straight-line basis over the lease term.

Pension costs
The Company operates a defined contribution plans for its employees. The plan is one under which the Company pays fixed contributions to a separate entity and there are no further obligations once those payments have been made. The contributions are recognised as an expense in the Income Statement as they fall due. Any unpaid amounts as at 31 March 2018 are included in other creditors in the statement of financial position. The separate entity holds and administers all funds independently from the Company.

Credit cover
The Company holds Credit Cover amounts within debtors that is held as trading collateral by creditors. This amount relates to future supplies that are not invoiced at the date of the statement of financial position and therefore are included as debtors rather than cash as they are not immediately available balances.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The Directors have made accounting judgements in preparing the financial statements:

i) The Company has considered the risk surrounding the recoverability of its receivable balances and has recognised a provision against these amounts. The directors consider the approach to be prudent given the trading history of the Company and its subsidiaries.

The Directors have made estimates in preparing the financial statements:

i) Revenue includes an estimate of the value of gas and electricity supplied to the customer between the date of the last meter reading supplied and the period end. The Directors consider this estimate to be appropriate based on standard industry practice and after detailed review of the calculation to value the estimate of this revenue.

4. REVENUE

The Company's turnover, all of which arises in the course of the Company's principal activities, arises in the UK. The principal activities of the year to 31 March 2018 and the period to 31 March 2017 are the supply of gas and of electricity.

5. **EMPLOYEES AND DIRECTORS**

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Wages and salaries	1,372,215	368,153
Social security costs	144,257	43,906
Other pension costs	9,689	-
	1,526,161	412,059

The average monthly number of employees during the year was as follows:

	Year Ended 31.3.18	Period 7.10.15 to 31.3.17
Corporate	13	4
IT Development	3	-
Marketing	3	1
Member Services	23	2
Product Development	2	-
	44	7

The charges to the Income Statement detailed above relate to management recharges received from the Company's parent company for employee resource used to administer the Company. Therefore, there are no employees paid directly by the Company.

The group provides a defined contribution scheme for its employees. The amount recognised as an expense for the scheme in the Income Statement was:

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Current year contributions	9,689	-

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Directors' remuneration	274,234	220,000
Directors' pension contributions to money purchase schemes	2,083	-

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	2	-

5. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director is as follows:

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Emoluments etc	150,000	125,000
Pension contributions to money purchase schemes	1,250	-

Directors were remunerated by the Company's parent company and recharged to the Company.

6. OPERATING LOSS

The operating loss is stated after charging:

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Other operating leases	100,981	-
Depreciation - owned assets	8,505	92
Development costs amortisation	35,711	-
Audit fees	15,000	-

7. TAXATION

Analysis of the tax credit
The tax credit on the loss for the year / period was as follows:

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Deferred tax	-	(276,534)
Tax on loss	-	(276,534)

7. TAXATION - continued

Reconciliation of total tax credit included in profit and loss
The tax assessed for the year is higher than (2017: same as) the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.18 £	Period 7.10.15 to 31.3.17 £
Loss before tax	(3,893,523)	(1,455,441)
Loss before tax multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19%)	(739,769)	(276,534)
Effects of:		
Expenses not deductible for tax purposes	104	-
Adjustments to tax charge in respect of previous periods	29,108	-
Tax rate changes	69,371	-
Group relief (not paid for)	80,638	-
Derecognised deferred tax asset	560,548	-
Total tax credit	-	(276,534)

8. INTANGIBLE ASSETS

	Development costs £	Computer software £	Totals £
COST			
Additions	177,124	83,057	260,181
Disposals	(177,124)	-	(177,124)
At 31 March 2018	-	83,057	83,057
AMORTISATION			
Amortisation for year	35,711	-	35,711
Eliminated on disposal	(35,711)	-	(35,711)
At 31 March 2018	-	-	-
NET BOOK VALUE			
At 31 March 2018	-	83,057	83,057
At 31 March 2017	-	-	-

9. PROPERTY, PLANT AND EQUIPMENT

	Improvements to property	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	£	£	£	£	£
COST					
At 1 April 2017	-	4,400	-	-	4,400
Additions	20,158	6,600	30,677	107,321	164,756
At 31 March 2018	20,158	11,000	30,677	107,321	169,156
DEPRECIATION					
At 1 April 2017	-	92	-	-	92
Charge for year	250	2,658	273	5,324	8,505
At 31 March 2018	250	2,750	273	5,324	8,597
NET BOOK VALUE					
At 31 March 2018	19,908	8,250	30,404	101,997	160,559
At 31 March 2017	-	4,308	-	-	4,308

10. INVENTORIES

	31.3.18	31.3.17
	£	£
Inventories	47,830	-

11. DEBTORS

	31.3.18	31.3.17
	£	£
Amounts falling due within one year:		
Trade debtors	4,832,234	-
Amounts owed by group undertakings	169,695	-
Other debtors	98,008	-
Credit Cover	165,980	222,076
Social security and other taxes	321,548	-
Prepayments and accrued income	81,071	7,150
	5,668,536	229,226
Amounts falling due after more than one year:		
Deferred tax asset	276,534	276,534
Aggregate amounts	5,945,070	505,760

12. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31.3.18	31.3.17
	£	£
Trade creditors	3,054,448	393,606
Amounts owed to group undertakings	3,692,781	1,434,289
Social security and other taxes	-	34,085
Other creditors	4,805	-
Accruals and deferred income	4,892,940	60,911
	11,644,974	1,922,891

Amounts owed to group undertakings are unsecured, repayable on demand and attract no interest.

13. **DEFERRED TAX**

	£
Balance at 1 April 2017	(276,534)
Balance at 31 March 2018	(276,534)

14. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.18 £	31.3.17 £
100	Ordinary	£1	100	100

15. **ACCUMULATED LOSSES**

	£
At 1 April 2017	(1,178,907)
Deficit for the year	(3,893,523)
At 31 March 2018	(5,072,430)

16. **CONTROLLING PARTY**

The Company is a wholly owned subsidiary of Retig Ltd; the controlling party.

The immediate and ultimate controlling party is Retig Ltd, which is the parent company of the largest and smallest group to consolidate these financial statements.

Copies of Retig Ltd's consolidated financial statements are available from the offices of Retig Ltd at the following address: Fourth Floor, Lombard House, 145 Great Charles Street, Birmingham B3 3LP.

17. POST BALANCE SHEET EVENTS

In August 2018 Retig Ltd successfully completed the acquisition of Phoenix Renewables Limited (trading name The Phoenix Works). This is an important next step on the journey towards halving energy bills. By installing, maintaining, servicing and integrating distributed technologies for Tonik members the Company will be able to reduce traditional energy bills whilst enabling a greener and more distributed energy system.

The Phoenix Works is renowned for providing quality service and expertise in the renewable energy sector supporting major commercial clients and domestic customers alike. The combined offerings and service delivery capabilities of The Phoenix Works and Tonik provide further opportunity to differentiate propositions within a competitive retail energy market.

In February 2019, Retig Ltd completed a funding round of £13.3m, with £3m coming from private investors and £10.3m from Mitsui & Co., a Tokyo based company. This has provided the group with the additional funds necessary to invest in growth, proposition development and people to support the delivery of the business plan. In order to meet the 5-year plan aspirations, a further significant fundraise is planned within 12 months of the date of this report.